

B O S T O N C O L L E G E

MINUTES OF THE MEETING OF THE AUDIT COMMITTEE HELD THURSDAY 21 MARCH 2013

1. PRESENT

Mr A Reynolds (Chair), Mr D Hanson, Mr D White, Mrs H Wright, Mr R Stanley

Also in attendance: Miss S Hill (Clerk to the Audit Committee), Mrs A Mosek (Principal), Mrs J Hemmant (Vice Principal, Corporate Services), Mr S Stanley, (Finance Manager), Mr M Riley (RSM Tenon)

2. APOLOGIES

Apologies were received from Mr R Lewis at Baker Tilly.

3. MINUTES OF MEETING HELD 14 NOVEMBER 2012

The Chairman said that there were two items added to the Action Log with relevant papers attached. The first was an update of the Strategy for Internal Audit for 2012/13 provided by RSM Tenon. The second item was an Internal Audit Tracking list for the past two years. Mr White asked if this could be provided for each meeting, the Chairman suggested at least for the past two years. *

Mrs Hemmant said that an amendment needed to be made to the minutes on paragraph 3 of the item 'Annual Accounts' which should read a figure of £774,000 impairment of the De Montfort Building instead of £77,000. The Chairman made the correction and initialled the minutes.

The committee was advised that the Finance and General Purposes Committee are managing covenants through the Management Accounts.

The minutes were signed as a true record.

4. INTERNAL AUDIT REPORTS

a) Cash, Income and Banking

Mr Riley confirmed that a green opinion was given overall with two low category recommendations. The first recommendation related to a review and update of the College's insurance policy regarding safes as well as their limits and locations. Mrs Hemmant said that this was in hand with plans to change the strong room over the summer and bring the safe over from De Montfort.

The second recommendation related to enrolment in that there was sometimes a delay in invoices being raised and sent to students after the start of their courses. It was agreed that a closer eye would be kept on payments being made through Reception and to ensure that invoices are raised on a regular basis. Mr White asked if all cash comes through Rochford site and was advised that money for Spalding is banked there, and this would be included in the next audit for Spalding. It was commented that cash for all other sites is brought to the Rochford main building.

Mrs Wright asked if all the insurance policies are run centrally and whether all should be reviewed at the same time. Mrs Hemmant confirmed that this is the case and a new tender for insurance is being put together.

b) Budgetary Control

Mr Riley informed the Committee that budget sign off processes were looked at for both expenditure and income. There was one low category recommendation which was to continue to enhance reporting of the Symmetry system. Mr Stanley said that a member of Symmetry staff had been to visit. He said that at the present time, managers need to go through the Finance Office in order to run reports, but being able to run reports themselves would make the exercise much faster. Mrs Mosek said that these are used for performance monitoring.

Mr Reynolds said that 1.3 of the report mentioned that the budget setting process, which had been flawed last year, was not covered. Mr Riley said that budget setting for 2012-13 had been looked at previously as part of the 2011-12 audit programme.

The Chairman said that this was a very good report.

c) Partnerships

Mr Riley said that on the Partnerships audit a green assurance was given, and that the College was working with a total of 18 subcontractors. There were two low category recommendations which are shown in the action plan on page 4 of the report.

The first is that the College should include in due diligence checks that new and existing partners have public liability insurance. It was confirmed that this is already being done, but had not been shown on the checklists.

The second item related to signed contracts in that the College should ensure that agreements with partners are binding from the start date. It was confirmed that this would be discussed further in Any Other Business. Mr Riley confirmed that they had specifically looked at income and expenditure, although it was recognised that external auditors considered this to be a high risk area.

Mrs Wright asked if credit checks are done regularly and Mr Stanley said that he looks at partners' sets of accounts and flags up to the Partnership Manager if he has any concerns.

Mrs Hemmant talked about some learners who have gone past their expected end date but are still on the College system. It was confirmed that regular reviews are done on partners, including visits.

Mr Hanson asked what happened if there were any concerns about particular partners. Mrs Mosek said that regular deadlines are set with monthly reviews of figures, half termly visits are made and retention rates are monitored on a regular basis. She confirmed that it could be a struggle to set deadlines, but this is done by the Partnership Manager.

The Chairman thanked Mr Riley for his reports.

5. PFA AUDIT OF LEARNING FINAL CLAIM

Mrs Mosek said that the auditors selected 150 learners and examined the processes very carefully. They were interested in seeing that the College had not claimed more than entitled to, made sure that enrolment forms are processed correctly and that suitable checks are in place. Mrs Mosek said that the inspectors and staff went through the process together. Discussion took place and it was stated that data and funding rules change all the time and that it is a very complex business.

Mrs Wright commented that there appeared to be a lot of exceptions and felt that the number of weaknesses identified were significant considering the number of examples looked at. Mr Riley stated that they were mainly coding issues, and that this is a special audit only taking place every few years and is random to a certain extent. He added that in most Colleges the auditors need to do a revisit, but that is not the case here. It was confirmed that any recommendations made by the Auditors will be adopted.

6. JACoP

Mrs Hemmant distributed to the Committee two papers relating to the proposal by the Skills Funding Agency (SFA) to issue an updated Part II of the Joint Audit Code of Practice (JACoP). It was reported that the Audit Code of Practice had been around in its existing form for some time but as funding bodies have changed, it has never been updated. The new JACoP, which is still in draft form, but may be ready for the next academic year, encompasses all audit activity for FE Colleges. Discussion took place about the changes which affect the mandatory need for future internal audit which will be realigned to the risk register and differ in each College. It was stated that future audits will be in a different format and this will be for the Audit Committee to decide on the way forward.

This matter will be reviewed again once the final version of the Code is issued.